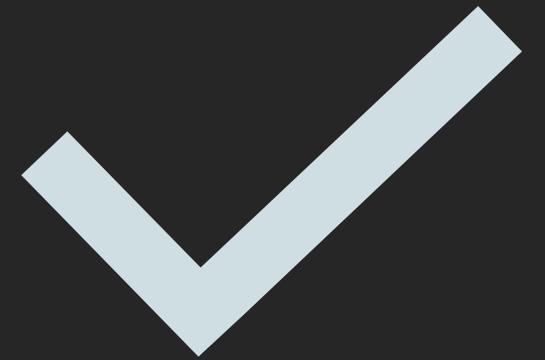
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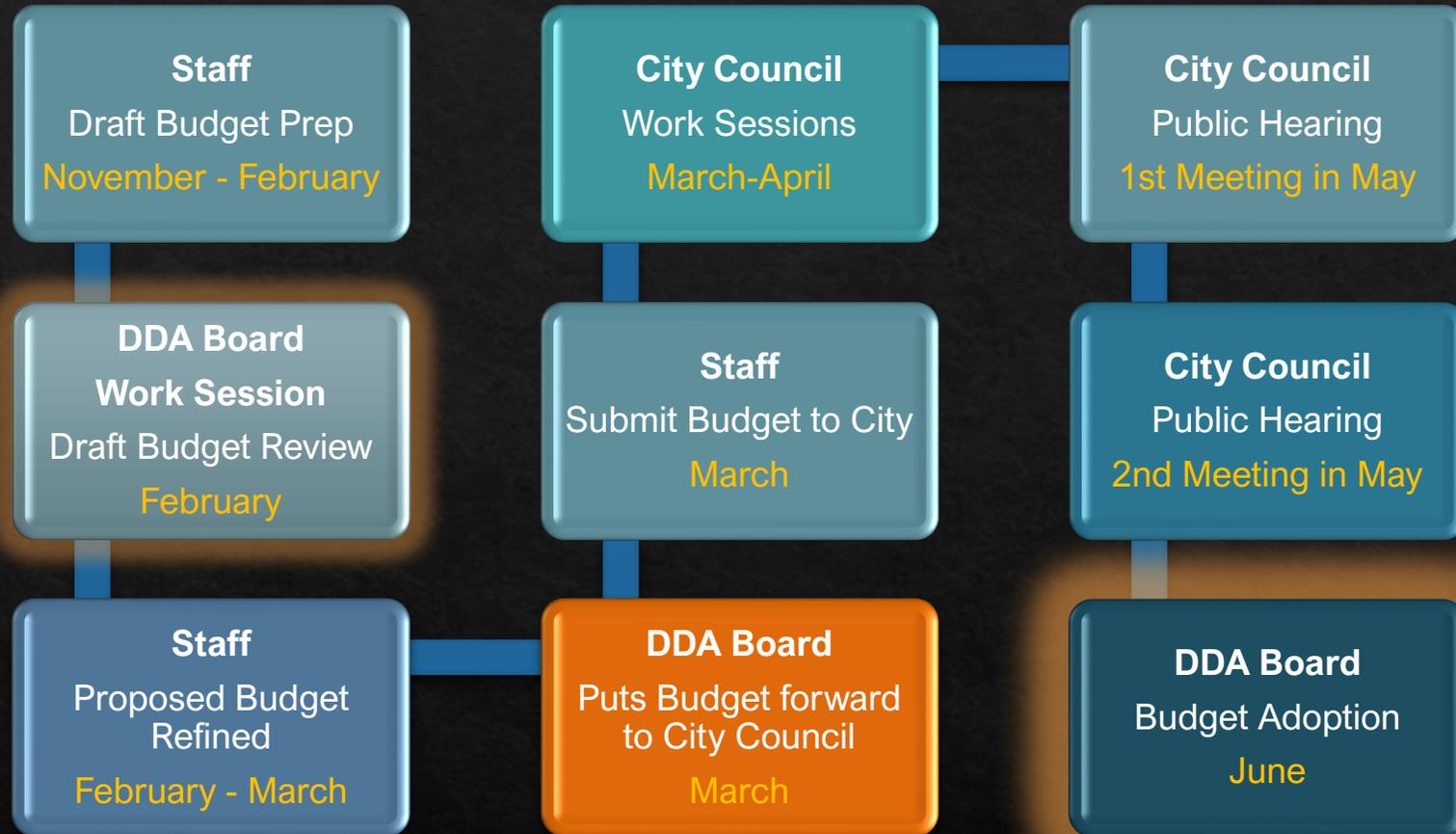
Ann Arbor DDA

FY26 & **FY27**

Proposed Budget

Budget **Process**





Budget Timeline



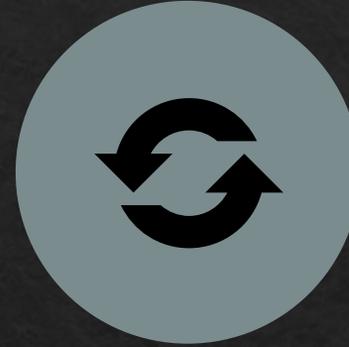
PROCESS

Informed by State statute,
Michigan Uniform Budget Manual,
City ordinance, and the DDA
development plan



ROLES

Staff prepares
DDA Board puts forward
City Council approves
DDA Board adopts



2-YR BUDGET CYCLE

FY27 Budget
July 1 Fiscal Year Begins

Budget Basics

DDA
2 Systems
5 Funds

TIF

- General/TIF Fund
- Housing Fund
- Art Fund

Parking



- Parking Fund
- Parking CIP Fund

TIF System

- General/TIF Fund
- Housing Fund
- Art Fund

TIF System Revenues

Tax Increment (TIF) Revenues

- Primary funding source Tax Incremental Financing (TIF)

Housing Transfer

- Funded by transfers from the Gen/TIF Fund
- City Ordinance stipulates the minimum level of funding

Art Transfer

- Funded by transfers from the Gen/TIF Fund and the Parking Fund
- The Elevate Program establishes the annual funding levels



TIF System Tax Increment Revenues

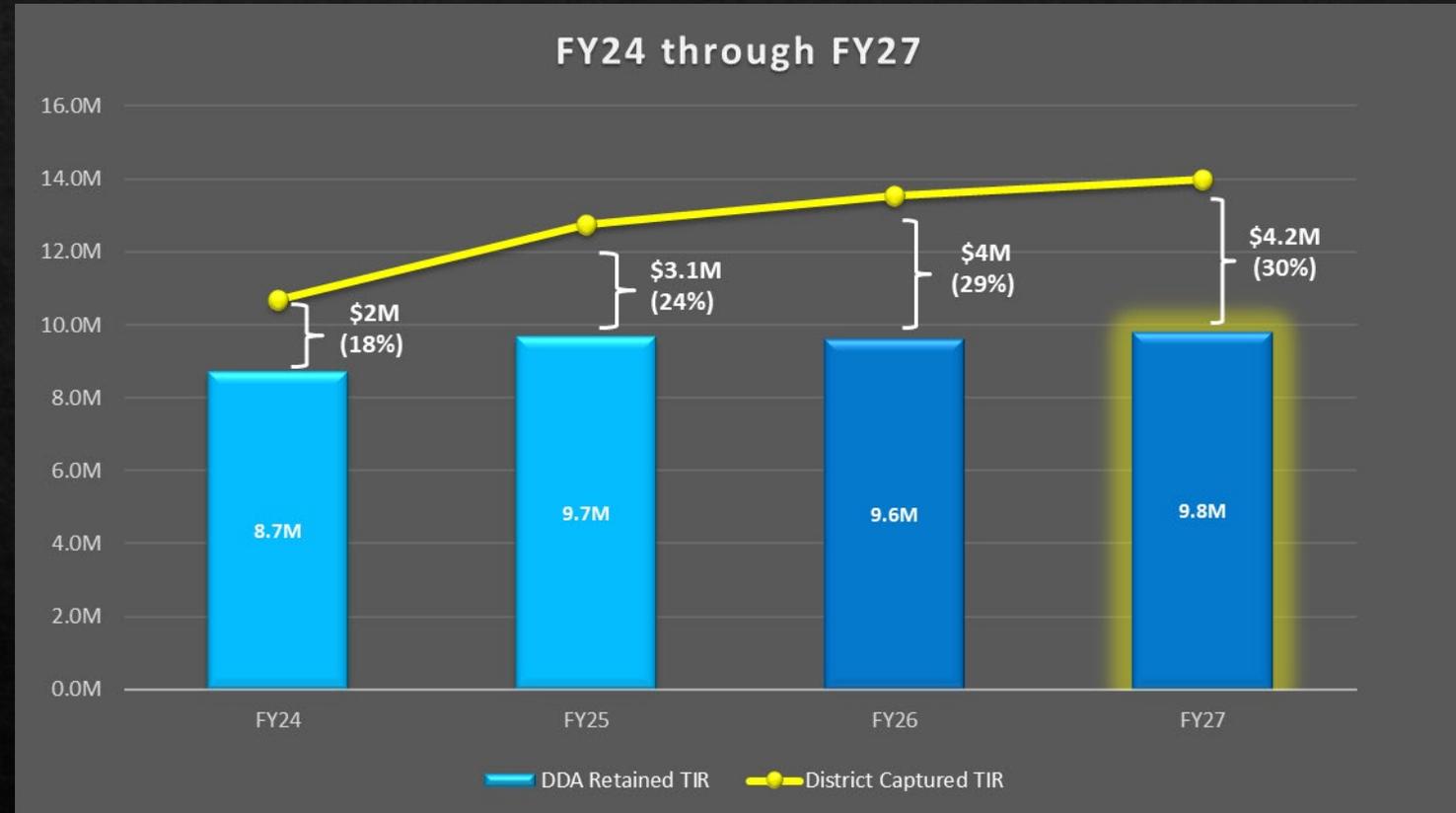
Fiscal Year	Original District					Expansion District					All Districts			
	Assessed Value	Base Value	Captured Value	Mills	Tax Increment Revenue	Assessed Value	Base Value	Captured Value	Mills	Tax Increment Revenue	Tax Increment Revenue	TIR Share 30%	TIR DDA 70%	% DDA Change
2024			349,416,054	30.6077								1,971,916	8,722,905	7.0%
2025			390,561,993	32.2824								3,086,093	9,672,087	10.9%
2026	1,016,106,264	585,182,647	430,923,617	31.4617		127,212,517	127,212,517	-	31.4617	-		3,952,678	9,604,900	-0.7%
2027	1,066,593,042	596,886,300	469,706,742	29.6444	13,924,175	132,301,018	129,756,767	2,544,250	29.6444	75,423	13,999,597	4,199,879	9,799,700	2.0%
2024-2025	<i>Actual</i>													
2026	<i>Projected - last year under current development plan</i>													
2027	<i>Budget - based on current assumptions about growth and millage rates</i>													
2028-2033	<i>Estimated - based on current assumptions about growth and millage rates</i>													

- FY24-FY26 Cap Model: fixed 3.5% growth
- FY26 Cap Reduction is \$4M (29% of total TIR)
- FY27 Revenue Sharing Model: a fixed 70% share retained by the DDA, 30% share to taxing units
- FY27 Share \$4.2M (30% of total TIF)

TIF System TIF Revenue Overview

- FY24-FY26 Cap Model: fixed 3.5% growth
- FY26 Cap Reduction is \$4M (29% of total TIF)

- FY27 Revenue Sharing Model: a fixed 70% share retained by the DDA, 30% share to taxing units
- FY27 Share \$4.2M (30% of total TIF)



TIF System Grant Funding

Funding Source	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General/TIF (248)				
SEMCOG City (Sub) Circulation Study Transit		24,678		
MEDC AAHDC (Sub) FAST			401,900	401,900
MDOT - FAST			200,000	
Total General/TIF Grants	-	24,678	601,900	401,900

- The grants shown FY24-FY27 have been applied for and approved.
- While additional grant funding may become available, we do not budget for it unless it is known.

TIF System Expenditures

Debt

Grants

Operations

CIP

Contingency



TIF System Debt Service

Issue	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General (TIF) Fund				
City PD/Court	508,608	366,200		
1st & Washington	295,895	295,360		
Prk. Structure Ped Imp. (R)	493,992	497,660		
Library Ln Future Dev. (R)	302,221	303,957		
5th & Division (R)	325,890	327,659	325,432	328,182
First & Ashley, William & Huron	1,342,050	1,342,650	1,342,350	1,346,150
Fees	7,185		1,300	1,300
Total Gen/TIF Fund Debt	3,275,841	3,133,487	1,669,100	1,675,700

- The bonded debt listed here was issued by the City on behalf of the DDA
- FY25 – City Police Department/Court Grant - \$8M approved ceiling reached
- FY26 – Reallocation of \$1.1M from TIF Fund to Parking Fund

TIF System Grants & Programs

Grantee/Program	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General/TIF (248)				
Bikeway Equipment	129,223			
AAHC - 121 E Catherine Sidewalk Restortn		140,124	210,000	
Vault Program	5,904		100,000	100,000
City Sidewalk Maintenance Agreement	35,624	36,872	38,200	41,400
BIZ			63,000	
Discretionary	20,000	30,000	30,000	31,100
Undesignated	76,572			50,000
Total General/TIF Grants	267,323	206,996	441,200	222,500
Housing (246)				
AAHC - Baker Commons Imp	295,807	650,000		
Avalon - 121 Catherine	300,000			
Avalon 426 S 1st	28,100			
Avalon 201 W William Parking Lot			21,000	
AAHDC 350 S 5th			500,000	
Undesignated	(76,572)		113,000	470,000
Total Housing Grants	547,335	650,000	634,000	470,000

- Grants are approved in the budget without respect to fiscal year – the unused portion may be rolled forward to the next year
- Undesignated amounts create capacity for future requests

TIF System Operations

Grantee/Program	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General/TIF (248)				
General Supplies		35,591	380,000	226,400
Contractual Services		96,827	255,000	250,000
Community Outreach		19,788	100,000	25,000
Equipment Repairs		88,575	55,000	100,000
Other Repairs		102,849	100,000	103,000
Studies		12,500	65,000	50,000
Service Team			1,050,000	1,030,000
Consulting Services		172,087	100,000	103,000
Architect and Engineering		228,281	350,000	400,000
Software		37,149	65,000	67,300
Total General/TIF Operations	-	793,647	2,520,000	2,354,700
Public Art (298)				
Contractual Services			35,000	35,000
Repairs and Maintenance			2,000	2,000
Total Public Art Operations	-	-	37,000	37,000

- FY26 Projected and FY27 Budget include values that are dependent on Amended Development Plan approval
- Public Art is a new fund for FY26

TIF System Capital Improvements (CIP)

- The DDA participates City's CIP process
- CIP items are approved in the budget without respect to fiscal year - the unused portion may be rolled forward to the next year
- FY26 – Projected \$7.1M under budget due to timing and project adjustments
- Public Art is a new fund for FY26

	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General (TIF) Fund (248)				
Sidewalk Repairs & Tree Maintenance	176,098	455,426	378,000	500,000
Street Light Repairs and Maintenance		70,943	529,000	
Geothermal & Solar Installation			110,000	
4th Ave (Liberty to William) Tr Enh	125,181	24,354	1,377,000	3,300,000
Ann St Resurfacing		61,935	1,100,000	743,000
Event Bollard Installations		201,911	1,000,000	2,400,000
Farmer's Market Study			150,000	
Huron/Washtenaw Dedicated Transit Lanes & Bus Rapid			300,000	500,000
Main St Transportation Analysis & Design			260,000	
North University Irrigation				106,000
Farmer's Market Construction Support				500,000
Division Bikeway			183,000	1,240,000
Liberty Plaza Repairs			350,000	
Main St Irrigation	120,848			
People Friendly Sts 2 Design	32,744			
Miller Catherine Bikeway Ext	13,045	-	75,000	
State Street Streetscape & Sidewalk	374,402	18,471		
Bike/Ped Counters	49,374	47,009		
Downtown Circulation Study	278,080	133,344	5,300	
Elevate Public Art		85,123		
Total DDA General (TIF) CIP	1,169,772	1,098,515	5,817,300	9,289,000
Public Art Fund				
Elevate Public Art			373,100	391,300
Total Public Art CIP	-	-	373,100	391,300

TIF System Contingency

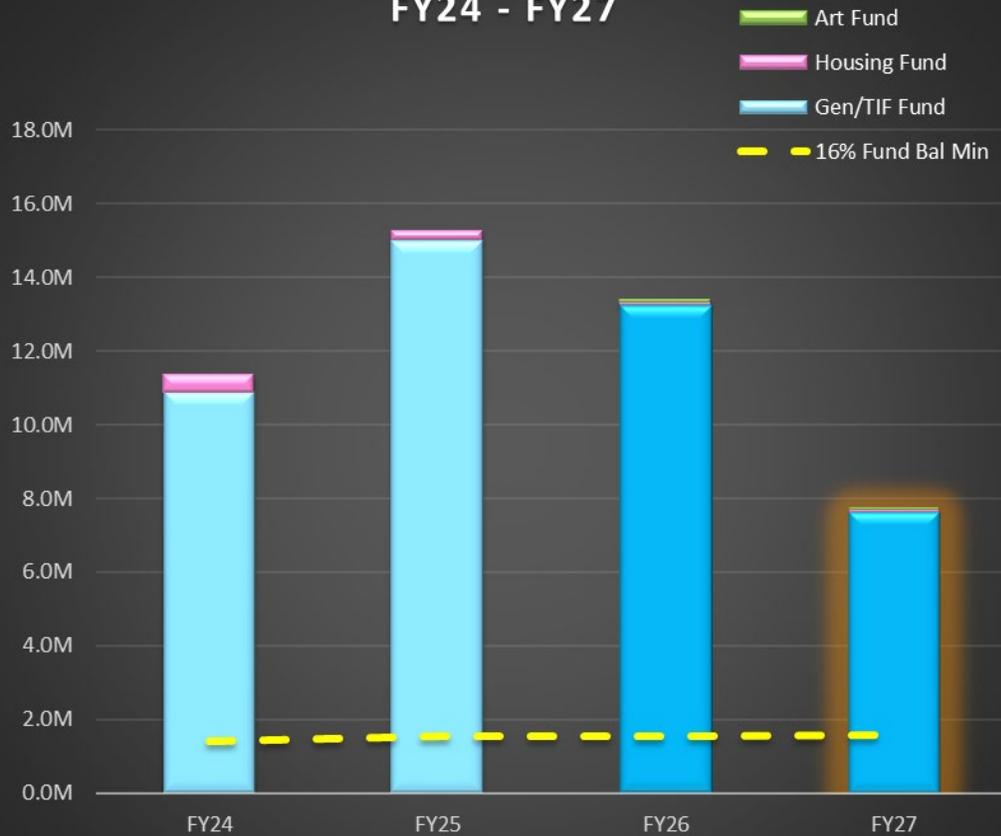
	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
DDA General (TIF) Fund (248)				
General Contingency		-	250,000	500,000
Operating Contingency				
Capital Contingenry				
Total DDA Gen/TIF Contingency	-	-	250,000	500,000

- General – Unanticipated expenditures across fund - includes payroll liability



TIF System
Fund Balance

FY24 - FY27



- FY24 Actual - \$11.4M Gen/TIF Fund
- FY25 Actual - \$15.3M Gen/TIF Fund
- FY26 Projected – \$13.4M Gen/TIF Fund
- FY27 Budget - \$7.8M Gen/TIF Fund

- The DDA is moving out of a multi-year planning phase into a construction phase in the last part of FY26

TIF System Fund Balances

Parking System

- Parking Fund
- Parking CIP Fund

Public
Parking
LIBRARY LANE

Fifth



Parking System Revenues

Revenues

- Primary funding source Parking Fees



Transfer to CIP Fund

- Transfers from Parking Fund to Parking CIP Fund are budgeted to maintain an adequate fund balance in both Parking Funds



Rates

- Parking Rate Study established rates for FY25, FY26, FY27

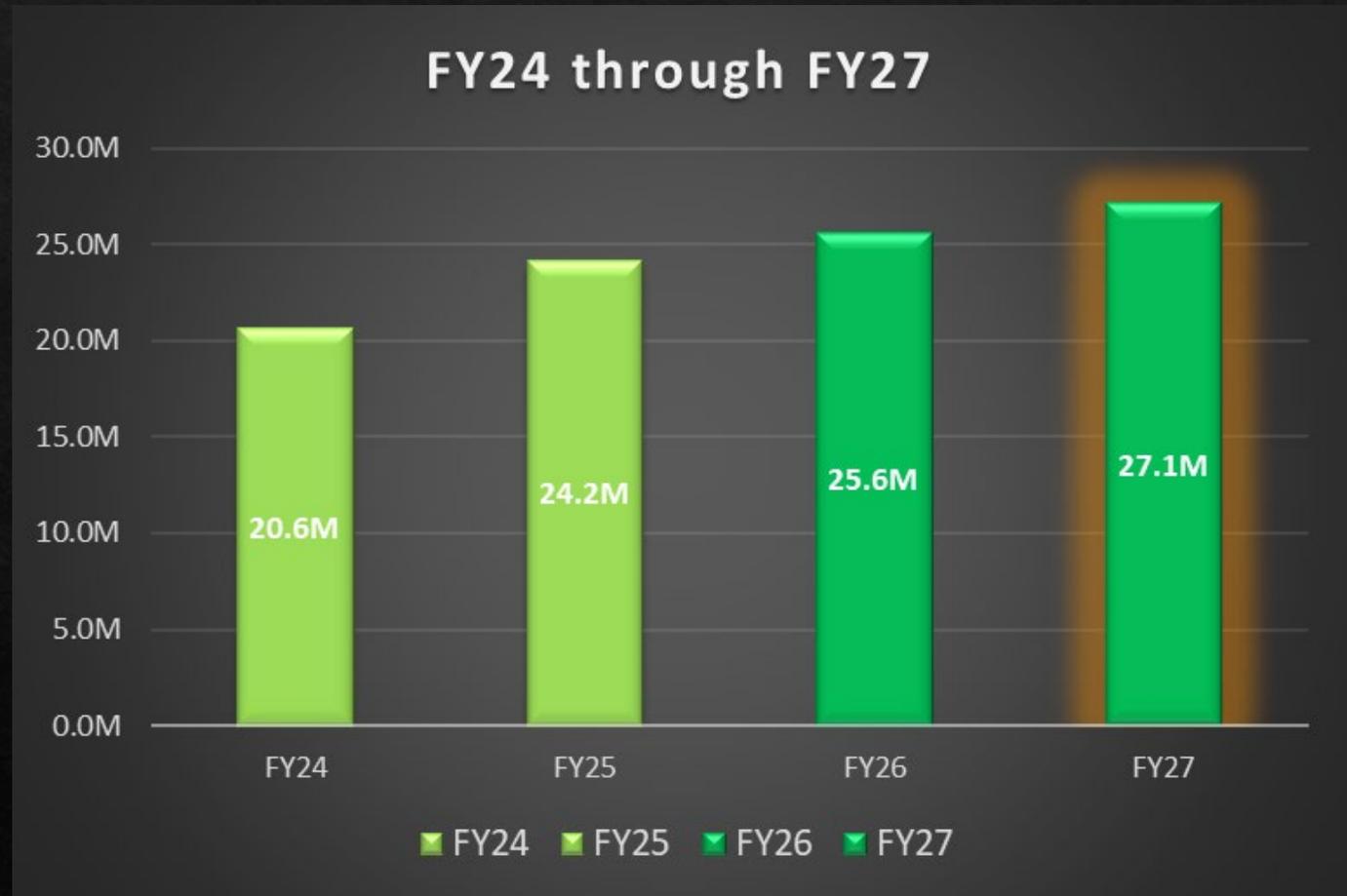
Parking System Fees

- FY25 – Actual up \$1.8M (8%) from budget
- FY26 – Proposed up \$1.5M (6%) from budget
- FY27 – Budget applies previously approved rate increase to projected values

Year	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
PARKING RATES				
Structure				
Hourly	1.20	1.50	1.65	1.80
Permit				
Regular Permits	200.00	225.00	245.00	265.00
Open Lot				
Hourly	1.80	2.40	2.50	2.60
Premium Permit	280.00	310.00	340.00	365.00
Art Fair	18.00	20.00	20.00	20.00
Meter Bag	25.00	30.00	30.00	30.00
Meter	2.20	2.40	2.50	2.60
OFF STREET TOTALS				
Transient	8,489,732	10,981,872	11,640,797	12,339,245
Permit	5,987,834	6,426,774	6,812,300	7,221,038
Total Off-Street Revenue	14,477,565	17,408,646	18,453,185	19,560,388
ON STREET TOTALS				
Total On-Street Revenue	6,145,605	6,742,082	7,146,615	7,575,412
TOTALS ALL				
	20,623,171	24,150,728	25,599,800	27,135,800
% Chg from Previous Yr	4.8%	17.1%	6.0%	6.0%

Parking System Parking Fee Revenue Trend

- FY24 Actual \$20.6M
- FY25 Actual \$24.2M
- FY26 Projected \$25.6M
- FY27 Budget \$27.1M



Parking System Expenditures

City 20%

Debt

Grants

Operations

CIP

Contingency



Parking System City 20%

	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking Fund (231)				
Gross Parking Revenues	20,623,171	24,150,728	25,599,800	27,135,800
Parking Lot Rent	132,209	181,696	209,400	221,900
City Percentage	20%	20%	20%	20%
Subtotal	4,098,192	4,793,800	5,078,000	5,382,700
Adjust to Actual/Projected	27,688	7		
City Payment	4,125,880	4,793,807	5,078,000	5,382,700

- 20% of parking fees are remitted to the City per the City/DDA Parking Agreement
- Values are based on Parking Fees

Parking System Debt Service

Issue	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking Fund				
4th & William Addition (R)	308,600	307,900	312,100	311,100
1st & Washington	295,895	295,360	598,713	600,475
Prk. Structure Ped Imp. (R)			493,917	498,090
Library Ln Future Dev. (R)			303,271	305,834
Library Ln Underground (R)	1,912,247	1,924,473	1,913,130	1,929,294
Fees	1,315		1,300	1,300
Total Parking Fund	2,518,057	2,527,733	3,622,500	3,646,100
Total All Funds	5,793,898	5,661,220	5,291,600	5,321,800

- The bonded debt listed here is issued by the City on behalf of the DDA
- FY26 – Reallocated \$1.1M from TIF to Parking
- 4th and William will be paid in full FY27

Parking System Grants

Grantee/Program	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking (231)				
Alternative Transportation	355,374	406,272	428,200	800,000
Total Parking Grants	355,374	406,272	428,200	800,000

- Parking grants support AAATA alternative transportation programs
- These are based on a reimbursement model
- Pre-pandemic, the annual grant amount was approximately \$800K
- Amounts based on anticipated ongoing recovery

Parking System Operations

Grantee/Program	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking (231)				
Parking Operator		6,233,223	8,104,800	8,496,600
Misc Parking Operations		3,042,791	4,340,500	4,422,600
Total Parking Operations	-	9,276,014	12,445,300	12,919,200
Total Operations, All Funds	-	10,069,661	15,002,300	15,310,900

- Parking Operator represents expenditures made by the parking operator
- Misc Parking Operations accounts for expenditures made by the DDA

Parking System Capital Improvements (CIP)

	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking Capital Improvements Fund (401)				
Curb Management Study	71,363			
Elevators	119,491	838,652	750,000	800,000
Parking Facility Repairs General	-	16,966	200,000	200,000
Bridge Inspection			5,000	5,000
Ann Street		8,903	77,000	139,000
4th Ave (Liberty to William) Transit Enhancements			500,000	500,000
Parking Structure Restoration	1,298,849	2,421,956	3,202,000	3,318,000
Parking Equipment	-		325,000	325,000
Total Parking Capital Improvements	1,489,702	3,286,477	5,059,000	5,287,000

- The DDA participates in the City's CIP process
- CIP items are approved without respect to fiscal year - the unused portion may be rolled forward to the next year
- FY25 – Projected \$2M below budget due to project timing
- FY26 & FY27 – From CIP, informed by 20-year maintenance plan

Parking System Contingency

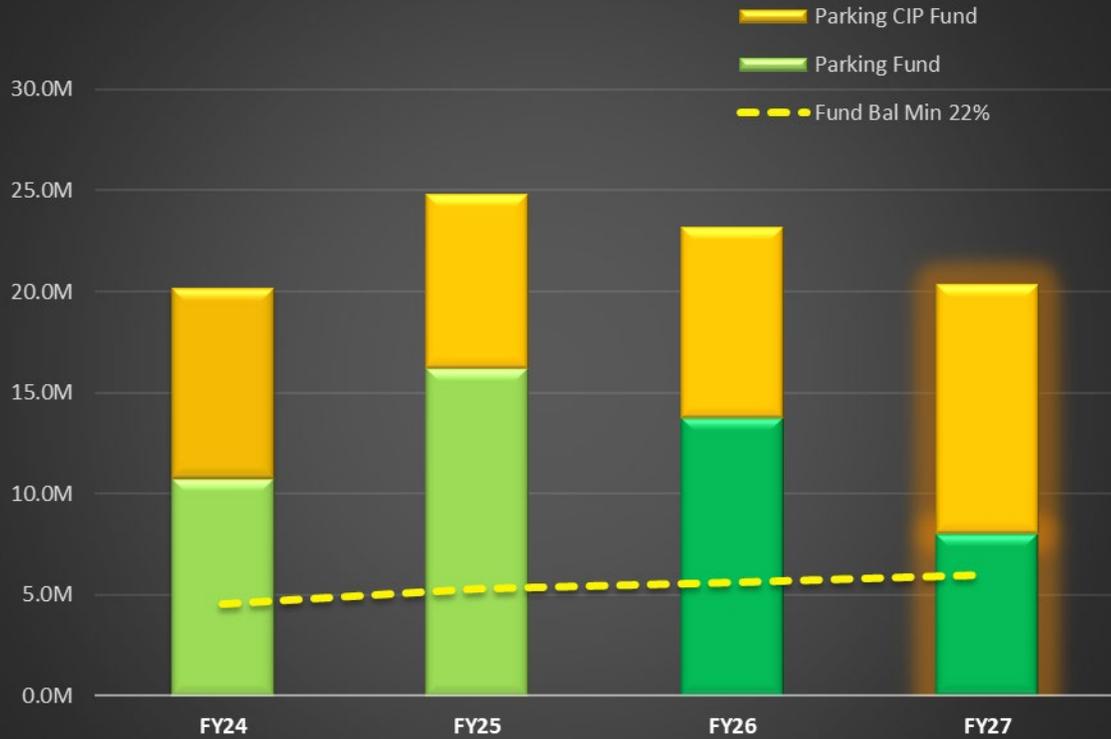
	Actual FY 2024	Actual FY 2025	Projected FY 2026	Budget FY 2027
Parking Fund (231)				
General Contingency		-	250,000	500,000
City 20% Contingency			200,000	400,000
Total Parking Contingency	-	-	450,000	900,000

- New for FY25 - Contingency is budgeted/reported as a separate category
- General – Unanticipated expenditures across fund. Payroll liability is approximately \$250K of this.
- City 20% – Approximately 12% of this line item to allow for unanticipated revenue increases which affect this calculation
- Outlying years – Contingency is not estimated in outlying years due to the cumulative effect on fund balance

Parking System
Fund Balance



FY24 - FY27



- FY24 Actual - \$10.8M Parking, \$9.4M Parking CIP
- FY25 Actual - \$16.2M Parking, \$8.6M Parking CIP
- FY26 Projected - \$13.7M Parking, \$9.4M Parking CIP
- FY27 Budget - \$8.0M Parking, \$12.3M Parking CIP

Parking System Fund Balances

Budget Submittal to City

REVENUES BY CATEGORY	Actual FY2024	Actual FY2025	Budget FY2026	Forcasted FY2026	Request FY2027
GRANT PROCEEDS		24,678	401,900	601,900	401,900
CHARGES FOR SERVICES	20,623,170	24,150,729	24,053,600	25,599,800	27,135,800
INVESTMENT INCOME	1,695,423	2,095,399	47,200	1,485,000	47,200
MISCELLANEOUS REVENUE	143,033	525,221	127,800	321,700	314,100
OPERATING TRANSFERS IN	6,726,400	2,471,100	6,345,600	6,345,600	9,025,200
PRIOR YEAR SURPLUS	-		14,746,700		11,375,900
TAX REVENUES	8,727,152	9,672,087	9,855,400	9,604,600	9,799,700
TOTAL REVENUES	37,915,178	38,939,214	55,578,200	43,958,600	58,099,800
EXPENSES BY CATEGORY	Actual FY2024	Actual FY2025	Budget FY2026	Forcasted FY2026	Request FY2027
PERSONNEL SERVICES	729,710	827,094	951,200	951,200	995,700
PAYROLL FRINGES	379,972	439,734	528,000	528,000	500,800
EMPLOYEE ALLOWANCES	6,186	5,790	5,800	5,800	6,600
MATERIALS & SUPPLIES	276,664	325,767	789,000	2,139,000	1,883,500
OTHER SERVICES	13,692,623	13,889,029	16,810,300	17,035,700	17,750,900
OTHER CHARGES	1,031,331	1,112,583	4,159,600	2,458,900	3,249,700
GRANT/LOAN RECIPIENTS	1,170,032	1,263,268	1,807,000	1,503,400	1,492,500
CAPITAL OUTLAY	1,793,312	4,384,993	18,872,600	11,249,400	14,967,300
PASS THROUGHGS	12,520,298	8,132,320	11,637,200	11,637,200	14,347,000
TOTAL EXPENSES	31,600,128	30,380,578	55,560,700	47,508,600	55,194,000

Budget City Format by Category

REVENUES BY FUND	Actual FY2024	Actual FY2025	Budget FY2026	Forcasted FY2026	Request FY2027
DDA HOUSING FUND	429,345	429,079	637,000	436,700	473,200
DDA GENERAL (TIF) FUND	9,389,281	10,601,882	19,669,000	10,810,700	15,823,100
DDA PARKING CIP FUND	6,639,923	2,551,074	5,525,600	5,900,000	8,210,000
DDA PARKING FUND	21,456,629	25,357,179	29,317,300	26,349,800	33,163,500
DDA ART FUND			429,300	461,400	430,000
TOTAL REVENUES	37,915,178	38,939,214	55,578,200	43,958,600	58,099,800
EXPENSES BY FUND	Actual FY2024	Actual FY2025	Budget FY2026	Forcasted FY2026	Request FY2027
DDA HOUSING FUND	549,028	651,070	637,000	635,400	473,200
DDA GENERAL (TIF) FUND	6,546,813	6,485,345	19,669,000	12,568,600	15,823,100
DDA PARKING CIP FUND	1,502,779	3,304,200	5,525,600	5,075,600	5,304,200
DDA PARKING FUND	23,001,508	19,939,963	29,317,300	28,817,200	33,163,500
DDA ART FUND			411,800	411,800	430,000
TOTAL EXPENSES	31,600,128	30,380,578	55,560,700	47,508,600	55,194,000

Budget City Format by Fund

Budget Questions

